(c) Air India did not raise its fares in the recent past to remain competitive during this economic meltdown. However, in view of the increase in the price of ATF, Air India was compelled to increase the domestic fuel surcharge by INR 400. In the current year, the seat factors on Air India's flights have shown a marginal increase as compared to the corresponding period in the previous year.

(d) and (e) In June, 2008, a presentation was made before the Prime Minister on the difficulties being faced by airline industry in India and particularly Air India; The Prime Minister had approved setting up a Committee to examine various issues relating to the financial crisis being faced by domestic airlines. Accordingly, a committee has been constituted under the Chairmanship of the Cabinet Secretary to monitor the various steps suggested.

The Government has taken various steps to assist the domestic aviation industry:

(i) Custom Duty on import of ATF has been abolished; (ii) State Governments have been persuaded to reduce the sales tax on ATF; (iii) The Oil Companies have started announcing the ATF prices on a fortnightly basis; (iv) The infrastructure at the airports and Air Traffic Control and Navigation Systems are being constantly upgraded to meet the future demand of the airlines.

Huge loss in Air India

1030. SHRI M.P. ACHUTHAN:
SHRI K.E. ISMAIL:

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that the Air India has been running at a huge loss particularly since 2008-09;

(b) if so, the details thereof and the reasons therefor; and

(c) what measures are being taken to run the Air India as a economically viable company?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) and (b) Yes, Sir. NACIL expects to register a loss of approximately Rs.5000 crores in 2008-09. The losses have been largely due to operating losses, which have been compounded due to the present economic recession as also the high oil prices last year and debt servicing on new aircraft.

(c) NACIL has initiated following measures to reduce losses:-

(i) integration and restructuring of network and schedules; (ii) fuel efficiency improvement measures, (iii) extended the credit period for all vendors, (iv) promotions and recruitment put on hold, (v) staff asked to travel only on economy class, etc. among other substantive measures for restructuring of loans and credits.